

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

**INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
June 30, 2014**

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BOARD OF DIRECTORS

NAME	POSITION
Board Members	
Jim Gill	President
Bill Lusher	Member
Jerry Haverly	Member
Dean Hoag	Member
Louis Stauter	Member
Clark Fletcher	Member
Doug Bailey	Member
Harvey Terpstra	Member
Carl Bergstrom	Member
Stan Watne	Member
Pat Tate	Member
Lauris Olson	Member

Organization Officials

Michelle DeLaRiva	Executive Director
Pam Barkley	Controller



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community and Family Resources
and The Richmond Center
Fort Dodge, Iowa

Report on the Financial Statements

We have audited the accompanying combined financial statements of Community and Family Resources and The Richmond Center, which comprise the Combined Statement of Financial Position, as of June 30, 2014, and the related Combined Statements of Activities, Functional Expenses and Cash Flows for the year then ended and the related Notes to Combined Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with accounting standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to on the previous page present fairly, in all material respects, the combined financial position of Community and Family Resources and The Richmond Center as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information including the Schedule of Expenditures of Federal Awards, required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the combined financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014 on our consideration of Community and Family Resources and The Richmond Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community and Family Resources and The Richmond Center's internal control over financial reporting and compliance.

Scharr & Company, LLP

Fort Dodge, Iowa
December 3, 2014

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

Exhibit A

**COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2014**

ASSETS

Current Assets:

Cash	\$ 1,050,100
Certificates of deposit	4,858
Accounts receivable, net	558,689
Prepaid expenses	22,104
Total current assets	1,635,751

Investment in IBHN	150,000
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Property and Equipment:

Land	255,737
Buildings	1,449,976
Equipment	1,479,054
Vehicles	186,474
	<u>3,371,241</u>
Less accumulated depreciation	<u>2,113,982</u>
	<u>1,257,259</u>

Total assets	\$ 3,043,010
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LIABILITIES AND NET ASSETS

Current Liabilities:

Current maturities of long-term debt	\$ 24,254
Accounts payable	46,514
Accrued salaries	100,012
Accrued paid time off	76,671
Accrued payroll taxes and benefits	22,960
Accrued expenses	4,622
Total current liabilities	275,033

Long-term debt, net	573,743
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Net Assets:

Unrestricted	2,166,284
Temporarily restricted	27,950
Total net assets	2,194,234

Total liabilities and net assets	\$ 3,043,010
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See Notes to Combined Financial Statements.

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

Exhibit B

**COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

	Unrestricted	Temporarily Restricted	Total
Revenue and Support:			
Federal and state grants	\$ 2,336,348	\$ -	\$ 2,336,348
Medicaid	847,331	-	847,331
County contributions	142,628	-	142,628
City contributions	4,040	-	4,040
Other contributions	5,558	12,233	17,791
Client private pay	368,042	-	368,042
Client third-party pay	1,182,137	-	1,182,137
OWI	61,755	-	61,755
Evaluations	29,401	-	29,401
Miscellaneous	56,145	-	56,145
Interest	578	1	579
Contributed facilities and services	4,440	-	4,440
	<u>5,038,403</u>	<u>12,234</u>	<u>5,050,637</u>
Net Assets Released from Restrictions	73	(73)	-
Total revenue and support	<u>5,038,476</u>	<u>12,161</u>	<u>5,050,637</u>
Expenditures:			
General and administrative	1,005,266	-	1,005,266
Residential	1,111,467	-	1,111,467
Special programs	512,392	-	512,392
Outpatient	1,158,451	-	1,158,451
Psychiatry	269,492	-	269,492
Therapy	354,464	-	354,464
Prevention	172,078	-	172,078
Total expenditures	<u>4,583,610</u>	<u>-</u>	<u>4,583,610</u>
Increase in net assets	454,866	12,161	467,027
Net assets at beginning of year	<u>1,711,418</u>	<u>15,789</u>	<u>1,727,207</u>
Net assets at end of year	<u>\$ 2,166,284</u>	<u>\$ 27,950</u>	<u>\$ 2,194,234</u>

See Notes to Combined Financial Statements.

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014**

		Residential	
	General and Adminis- trative	Adult Residential and Detox	Recovery and Transition House
Operating Expenses:			
Salary	\$ 469,055	\$ 575,030	\$ 32,925
FICA/Medicare	41,326	51,174	2,941
Workers' compensation	10,313	12,797	749
Unemployment	7,406	9,228	529
Health insurance	32,041	38,137	2,087
IPERS	44,942	55,806	3,237
Dues, fees and memberships	8,874	99	-
Subscriptions/publications	-	274	3
Food/groceries	-	120,977	8,295
Medical supplies	-	1,873	-
Program supplies	174	10,317	8,583
Office supplies	3,777	8,623	20
Operating supplies/non-food	3,354	16,261	1,466
Recreational	-	-	-
Postage	3,792	1,553	70
Meetings	-	47	2
Advertising/promotional items	25,080	-	-
Depreciation	57,910	11,055	2,983
Computer hardware, software, maintenance	37,536	334	-
Building repairs/maintenance	-	14,929	4,549
Office repairs/maintenance	-	2,697	-
Office/space rental	-	-	-
Utilities	13,245	28,009	12,557
Telephone	22,012	20,885	17,245
Insurance	35,891	-	-
Property tax	-	-	-
Contracted services	64,245	19,547	79
Recruiting expenses	6,160	3,009	-
In-state travel	5,578	754	-
Out-of-state travel	-	3	-
Staff development training	3,005	2,164	459
Tuition reimbursement	-	1,000	-
Meals	163	79	-
Vehicle expense	5,301	3,683	944
Lodging and other travel costs	-	71	-
Board expense	1,290	-	-
Interest allocation	-	-	-
Miscellaneous expense	4,053	1,290	39
	<u>\$ 906,523</u>	<u>\$ 1,011,705</u>	<u>\$ 99,762</u>

See Notes to Combined Financial Statements.

Special Programs		Community and Family Resources						Outpatient	
STARS Program (Adolescent Treatment)	Gambling (Treatment, Education and Housing)	Fort Dodge	Ames	Boone	Webster City	Rockwell City	Po		
\$ 352,178	\$ 26,741	\$ 242,600	\$ 185,104	\$ 48,184	\$ 50,946	\$ 6,588	\$		
7,321	859	22,305	14,382	5,132	5,540	719			
1,857	218	5,613	3,601	1,304	1,411	184			
1,367	165	4,090	2,599	934	982	129			
4,559	557	16,332	10,670	3,670	3,876	503			
7,627	905	24,383	15,685	5,626	6,098	798			
-	10	-	105	10	-	-			
47	-	258	193	16	7	1			
15,426	-	-	-	-	-	-			
321	-	-	57	-	-	-			
1,221	3,137	32,042	18,888	2,405	2,717	-			
1,065	88	3,637	3,005	1,074	791	5			
4,379	33	1,082	916	433	1,127	-			
392	-	-	-	-	-	-			
954	-	180	1,053	380	360	18			
-	-	18	13	4	4	1			
-	-	-	-	770	-	-			
-	-	355	6,090	-	-	-			
2,701	-	5,322	-	-	36	-			
10,926	-	5,840	7,599	313	268	-			
1,378	-	2,551	5,322	-	475	-			
16,068	-	44,505	-	3,150	8,970	2,027			
13,849	-	12,663	11,319	126	1,160	-			
12,239	5,368	17,889	55,204	10,250	6,575	6,069			
-	-	-	-	-	-	-			
-	-	12,697	-	-	-	-			
8,991	-	7,199	31,020	2,001	772	21			
1,397	-	958	663	124	-	-			
-	417	2,547	1,893	412	249	-			
-	-	-	-	-	-	-			
1,235	2,691	1,692	1,026	200	210	-			
-	-	-	-	-	-	-			
7	354	76	23	-	39	-			
2,188	1,156	-	1,589	-	-	-			
-	-	-	-	-	-	-			
-	-	-	-	-	-	-			
-	-	-	38,339	-	-	-			
-	-	2,349	2,151	36	80	12			
\$ 469,693	\$ 42,699	\$ 469,183	\$ 418,509	\$ 86,554	\$ 92,693	\$ 17,075	\$		

The Richmond Center

					General and Adminis- trative				
Montas	Humboldt	Clarion	Prevention			Psychiatry	Therapy	Total	
7,751	\$ 8,229	\$ 17,317	\$ 89,106	\$ 46,991	\$ 114,607	\$ 204,821	\$ 2,478,173		
841	881	1,839	8,399	3,679	8,973	16,037	192,348		
214	224	468	2,136	1,012	2,468	4,411	48,980		
152	163	323	1,523	642	1,565	2,798	34,595		
602	619	1,288	5,980	2,292	5,590	9,990	138,793		
923	970	2,024	9,227	3,971	9,684	17,306	209,212		
1	75	-	100	15	-	-	9,289		
-	-	2	175	-	85	182	1,243		
-	-	-	-	-	-	-	144,698		
-	-	-	-	-	731	-	2,982		
-	-	55	11,254	-	9	375	91,177		
7	7	15	1,643	-	1,235	2,537	27,529		
-	10	270	1,678	-	584	1,044	32,637		
-	-	-	-	-	-	-	392		
20	24	48	102	-	1,150	2,518	12,222		
-	1	2	23	-	52	-	167		
-	-	-	3,245	-	1,027	3,217	33,339		
-	-	-	-	-	13,123	13,123	104,639		
-	-	-	694	-	1,741	3,483	51,847		
-	136	-	232	-	2,347	6,648	53,787		
118	-	382	557	-	1,627	3,254	18,361		
1,500	4,020	-	12,705	-	2,000	12,663	107,608		
-	-	410	2,906	-	4,594	8,847	109,685		
7,988	7,994	5,894	7,909	-	16,919	37,267	257,707		
-	-	-	-	15,702	-	-	51,593		
-	-	-	-	-	-	-	12,697		
21	25	26	3,495	23,349	78,305	125	239,221		
-	-	-	574	-	124	459	13,468		
423	-	94	792	-	-	788	13,947		
-	-	-	-	-	-	-	3		
-	-	-	2,098	61	-	662	15,503		
-	-	-	-	-	-	-	1,000		
-	-	-	889	-	-	-	1,630		
-	-	-	4,528	-	952	1,909	22,250		
-	-	-	-	-	-	-	71		
-	-	-	-	27	-	-	1,317		
-	-	-	-	-	-	-	38,339		
9	5	27	108	1,002	-	-	11,161		
20,570	\$ 23,383	\$ 30,484	\$ 172,078	\$ 98,743	\$ 269,492	\$ 354,464	\$ 4,583,610		

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

Exhibit D

**COMBINED STATEMENT OF CASH FLOWS
Year Ended June 30, 2014**

Cash Flows from Operating Activities	
Increase in net assets	\$ 467,027
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	104,639
Effect of changes in:	
Accounts receivable	450,853
Prepaid expenses	(10,875)
Accounts payable	(12,800)
Accrued salaries	6,836
Accrued paid time off	(35,790)
Accrued payroll taxes and benefits	(1,800)
Accrued expenses	(212)
Net cash provided by operating activities	967,878
Cash Flows from Investing Activities	
Purchase of certificates of deposit	(10)
Purchase of investments	(150,000)
Purchase of property and equipment	(29,437)
Net cash (used in) investing activities	(179,447)
Cash Flows from Financing Activities	
Principal payments on long-term borrowings	(24,776)
Net cash (used in) financing activities	(24,776)
Net increase in cash	763,655
Cash:	
Beginning	286,445
Ending	\$ 1,050,100
Supplemental Disclosure of Cash Flow Information:	
Cash payments for:	
Interest	\$ 38,468

See Notes to Combined Financial Statements.

COMMUNITY AND FAMILY RESOURCES AND THE RICHMOND CENTER

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Community and Family Resources is a nonprofit corporation that was established in 1968. The purpose of the Organization is to increase understanding, to alleviate the damage, and to reduce the incidence of alcoholism. The Organization operates treatment facilities in northwestern and central Iowa offering outpatient, residential, and detoxification services to persons experiencing problems in living due to alcoholism and other chemical dependencies. Community and Family Resources is funded by federal, state, county, and local governments as well as private payments from patients.

The Richmond Center is a non-profit corporation providing mental health services that include outpatient mental health psychiatric services for the residents of Story and Boone counties.

The financial statements combine Community and Family Resources and The Richmond Center (collectively the "Organization"), which share the same Board of Directors. In addition, The Richmond Center is financially dependent on Community and Family Resources.

Significant accounting policies:

A summary of the Organization's significant accounting policies is as follows:

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of combination: The accompanying combined financial statements include the accounts of Community and Family Resources and The Richmond Center. All material related party balances and transactions have been eliminated in combination.

Contributions and donor restricted funds: The Organization reports gifts of cash and other assets as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All expenses are reported as decreases in unrestricted net assets. Contributions not restricted by donors are recorded as revenue in the unrestricted fund.

Certificates of deposit: Certificates of deposit are carried at cost that approximates market value.

Accounts receivable: Accounts receivable, with the exception of private client pay, are recorded on the accrual basis of accounting. Private client pay is recognized as income in the period in which it is received due to the uncertainty of collection. The Organization uses the allowance method of recording bad debts. The allowance for bad debts is \$268,436 at June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Significant accounting policies (continued):

Investments: The Organization has an 18.9% investment in the Iowa Behavioral Health Network which is recorded using the cost method. The estimated fair value of the investment is \$150,000 at June 30, 2014.

Property and equipment: Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is computed using the straight-line method based on the following useful lives:

	<u>Years</u>
Buildings	5-39
Equipment	5-20
Vehicles	5

Contributed facilities and services: A large number of volunteers have given significant amounts of their time to the Organization's programs; however, no amounts have been recognized in the financial statements for volunteer time since no objective basis is available to measure the value of such services.

Advertising costs: Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2014 was \$33,339.

Income taxes: Both Organizations are non-profit corporations exempt from income taxes under § 501(c)(3) of the Internal Revenue Code.

Subsequent events: Subsequent events have been evaluated through December 3, 2014, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Notes Payable

Long-term debt consists of the following as of June 30, 2014:

6.38% note payable to First National Bank, due in monthly installments of \$5,140 through October 2016, when the remaining balance is due. The note is secured by real estate and business assets.	\$	597,997
Less: current maturities		<u>24,254</u>
	\$	<u><u>573,743</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 2. Notes Payable (Continued)

Aggregate maturities required on notes payable as of June 30, 2014, are due in future years as follows:

<u>Year ending June 30,</u>	
2015	\$ 24,254
2016	573,743
2017	-
2018	-
2019	-
	<u>\$ 597,997</u>

Note 3. Leases

The Organization leases office space for outpatient facilities in several cities in Central Iowa under noncancelable operating leases, which expire on various dates between August, 2014 to September, 2018. Several leases are cancelable should government funding no longer be available.

The Organization leases office equipment under noncancelable operating lease agreements. The leases expire on various dates from July, 2016 to February, 2017. Total future minimum rental commitment by year as of June 30, 2014 follows:

<u>Year ending June 30,</u>	
2015	\$ 164,044
2016	150,460
2017	76,931
2018	67,956
2019	15,121
	<u>\$ 474,512</u>

Total rent expense for the year ended June 30, 2014 was \$166,067.

Note 4. Support From Governmental Units

The Organization receives a substantial amount of its support from the federal government, the State of Iowa, and various local counties. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

NOTES TO FINANCIAL STATEMENTS

Note 5. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Note 6. Pension and Retirement Benefits

The Organization contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the Organization is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The Organization's contribution to IPERS for the year ended June 30, 2014 was \$209,212, equal to the required contributions for the year.

Note 7. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and activities benefited.

Note 8. Restricted Net Assets and Assets Released from Restrictions

Temporarily restricted net assets at June 30, 2014 are available for the following purposes:

Special needs programs for clients	\$ 16,300
Roof replacement	11,650
	<u>\$ 27,950</u>

At June 30, 2014, temporarily restricted net assets consisted of cash. For the year ended June 30, 2014 \$73 of net assets were released from restrictions for the purpose of special needs programs for clients.

Note 9. Concentration of Credit Risk

The Organization maintains its cash accounts with banks located in Iowa. The total cash balance is insured by the FDIC up to \$250,000 per bank. The Organization had a cash balance on deposit with one Iowa bank at June 30, 2014 that exceeded the balance insured by the FDIC in the amount of \$638,134.

SUPPLEMENTARY INFORMATION

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Contract Number	Expenditures
Department of Health and Human Services:			
Iowa Department of Public Health:			
Comprehensive Substance Abuse Prevention	93.959	5883CP15	\$ 83,104
Access to Recovery	93.275	5881AC25	95,045
Strategic Prevention Framework			
State Incentive Grant Service Fund	93.243	5883CP15	68,953
Magellan Health Services:			
Substance Abuse Prevention and Treatment			
Block Grant	93.959		701,570
			<u>\$ 948,672</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Community and Family Resources and The Richmond Center and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined financial statements.

See Accompanying Independent Auditor's Report.

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

**COMBINING SCHEDULE OF STATEMENT OF FINANCIAL POSITION
June 30, 2014**

	Community and Family Resources	The Richmond Center	Sub-total
ASSETS			
Current Assets:			
Cash	\$ 852,176	\$ 197,924	\$ 1,050,100
Certificates of deposit	4,858	-	4,858
Accounts receivable, net	2,384,088	178,906	2,562,994
Prepaid expenses	21,476	628	22,104
Total current assets	3,262,598	377,458	3,640,056
Investment in IBHN	150,000	-	150,000
Property and Equipment:			
Land	255,737	-	255,737
Buildings	1,281,644	168,332	1,449,976
Equipment	1,228,491	250,563	1,479,054
Vehicles	186,474	-	186,474
	2,952,346	418,895	3,371,241
Less accumulated depreciation	1,864,514	249,468	2,113,982
	1,087,832	169,427	1,257,259
Total assets	\$ 4,500,430	\$ 546,885	\$ 5,047,315
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current maturities of long-term debt	\$ 24,254	\$ -	\$ 24,254
Accounts payable	40,154	2,010,665	2,050,819
Accrued salaries	87,673	12,339	100,012
Accrued paid time off	68,233	8,438	76,671
Accrued payroll taxes and benefits	22,960	-	22,960
Accrued expenses	4,622	-	4,622
Total current liabilities	247,896	2,031,442	2,279,338
Long-term debt, net	573,743	-	573,743
Net Assets:			
Unrestricted	3,664,057	(1,497,773)	2,166,284
Temporarily restricted	14,734	13,216	27,950
Total net assets	3,678,791	(1,484,557)	2,194,234
Total liabilities and net assets	\$ 4,500,430	\$ 546,885	\$ 5,047,315

See Accompanying Independent Auditor's Report.

Schedule 2

Eliminations	Total
\$ -	\$ 1,050,100
-	4,858
(2,004,305)	558,689
-	22,104
(2,004,305)	1,635,751
-	150,000
-	255,737
-	1,449,976
-	1,479,054
-	186,474
-	3,371,241
-	2,113,982
-	1,257,259
\$ (2,004,305)	\$ 3,043,010

\$ -	\$ 24,254
(2,004,305)	46,514
-	100,012
-	76,671
-	22,960
-	4,622
(2,004,305)	275,033
-	573,743
-	2,166,284
-	27,950
-	2,194,234
\$ (2,004,305)	\$ 3,043,010

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

**COMBINING SCHEDULE OF STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

	Community and Family Resources	The Richmond Center	Sub-total
Revenue and Support:			
Federal and state grants	\$ 2,336,348	\$ -	\$ 2,336,348
Medicaid	686,101	161,230	847,331
County contributions	141,799	829	142,628
City contributions	4,040	-	4,040
Other contributions	17,606	185	17,791
Client private pay	323,244	44,798	368,042
Client third-party pay	1,118,138	63,999	1,182,137
OWI	61,755	-	61,755
Evaluations	29,401	-	29,401
Miscellaneous	8,755	47,390	56,145
Interest	522	57	579
Contributed facilities and services	4,440	-	4,440
Total revenue and support	4,732,149	318,488	5,050,637
Expenditures:			
General and administrative	906,523	98,743	1,005,266
Residential	1,111,467	-	1,111,467
Special programs	512,392	-	512,392
Outpatient	1,158,451	-	1,158,451
Psychiatry	-	269,492	269,492
Therapy	-	354,464	354,464
Prevention	172,078	-	172,078
Total expenditures	3,860,911	722,699	4,583,610
Increase (decrease) in net assets	871,238	(404,211)	467,027
Net assets at beginning of year	2,807,553	(1,080,346)	1,727,207
Net assets at end of year	\$ 3,678,791	\$ (1,484,557)	\$ 2,194,234

See Accompanying Independent Auditor's Report.

Schedule 3

Eliminations		Total	
\$	-	\$	2,336,348
	-		847,331
	-		142,628
	-		4,040
	-		17,791
	-		368,042
	-		1,182,137
	-		61,755
	-		29,401
	-		56,145
	-		579
	-		4,440
	-		5,050,637
	-		1,005,266
	-		1,111,467
	-		512,392
	-		1,158,451
	-		269,492
	-		354,464
	-		172,078
	-		4,583,610
	-		467,027
	-		1,727,207
\$	-	\$	2,194,234

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

**COMBINING SCHEDULE OF STATEMENT OF CASH FLOWS
Year Ended June 30, 2014**

	Community and Family Resources	The Richmond Center	Sub-total
Cash Flows from Operating Activities			
Increase (decrease) in net assets	\$ 871,238	\$ (404,211)	\$ 467,027
Adjustment to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:			
Depreciation	78,393	26,246	104,639
Effect of changes in:			
Accounts receivable	(126,684)	147,997	21,313
Prepaid expenses	(11,031)	156	(10,875)
Accounts payable	(9,904)	426,644	416,740
Accrued salaries	12,542	(5,706)	6,836
Accrued paid time off	(31,434)	(4,356)	(35,790)
Accrued payroll taxes and benefits	(1,800)	-	(1,800)
Accrued expenses	(212)	-	(212)
Net cash provided by operating activities	781,108	186,770	967,878
Cash Flows from Investing Activities:			
Purchase of certificates of deposit	(10)	-	(10)
Purchase of investments	(150,000)	-	(150,000)
Purchase of property and equipment	(29,437)	-	(29,437)
Net cash (used in) investing activities	(179,447)	-	(179,447)
Cash Flows from Financing Activities			
Principal payments on long-term borrowings	(24,776)	-	(24,776)
Net cash (used in) financing activities	(24,776)	-	(24,776)
Net increase in cash	576,885	186,770	763,655
Cash:			
Beginning	275,291	11,154	286,445
Ending	<u>\$ 852,176</u>	<u>\$ 197,924</u>	<u>\$ 1,050,100</u>
Supplemental Disclosure of Cash Flow Information:			
Cash payments for:			
Interest	<u>\$ 38,468</u>	<u>\$ -</u>	<u>\$ 38,468</u>

See Accompanying Independent Auditor's Report.

Schedule 4

Eliminations	Total
\$ -	\$ 467,027
-	104,639
-	-
429,540	450,853
-	(10,875)
(429,540)	(12,800)
-	6,836
-	(35,790)
-	(1,800)
-	(212)
-	967,878
-	(10)
-	(150,000)
-	(29,437)
-	(179,447)
-	(24,776)
-	(24,776)
	763,655
	286,445
\$ -	\$ 1,050,100
\$ -	\$ 38,468



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE COMBINED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Community and Family Resources
and The Richmond Center
Fort Dodge, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Community and Family Resources and The Richmond Center (the "Organization"), as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Organization's Responses to Findings

The Organization's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schnarr & Company, LLP

Fort Dodge, Iowa
December 3, 2014



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of
Community and Family Resources
and The Richmond Center
Fort Dodge, Iowa

Report on Compliance for Each Major Federal Program

We have audited Community and Family Resources' and The Richmond Center's (the "Organization") compliance with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2014. The Organization's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schnarr & Company, LLP

Fort Dodge, Iowa
December 3, 2014

**COMMUNITY AND FAMILY RESOURCES
AND THE RICHMOND CENTER**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Part I: Summary of the Independent Auditor's Results

- a. An unmodified opinion was issued on the financial statements.
- b. A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance that is material to the financial statements.
- d. No reportable conditions in internal control over major programs was disclosed by the audit of financial statements.
- e. An unmodified opinion was issued on compliance with requirements applicable to the major program.
- f. The audit did not disclose any audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- g. The major program was CFDA Number 93.959 – Substance Abuse Prevention and Treatment Block Grant.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Community and Family Resources and The Richmond Center did not qualify as low-risk auditees.

Part II: Findings Related to the General Purpose Financial Statements:

II-A-14 Financial Reporting – The Organization's billing software and financial software are not integrated packages. Currently, no reconciliation of the carrying value is performed between the two software packages resulting in a subsequent adjustment by the Organization.

Recommendation – The Organization should implement monthly reconciliation procedures.

Response – We will review our procedures and determine the appropriate changes for monthly reconciliation.

Conclusion – Response accepted.

Instances of Non-Compliance:

No matters were reported.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

Part IV: Other Findings Related to Statutory Requirements and Other Matters:

No matters were reported.